



General Assembly

**Substitute Bill No. 303**

February Session, 2010

\* \_\_\_\_SB00303PD\_\_\_\_032310\_\_\_\_ \*

**AN ACT RETURNING A PORTION OF THE HOTEL SALES TAX TO MUNICIPALITIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of section 12-408 of the 2010 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective October 1, 2010, and applicable to sales occurring on*  
4 *or after said date*):

5 (1) For the privilege of making any sales, as defined in subdivision  
6 (2) of subsection (a) of section 12-407, at retail, in this state for a  
7 consideration, a tax is hereby imposed on all retailers at the rate of six  
8 per cent of the gross receipts of any retailer from the sale of all tangible  
9 personal property sold at retail or from the rendering of any services  
10 constituting a sale in accordance with subdivision (2) of subsection (a)  
11 of section 12-407, except, in lieu of said rate of six per cent, (A) at a rate  
12 of [twelve] fifteen per cent with respect to each transfer of occupancy,  
13 from the total amount of rent received for such occupancy of any room  
14 or rooms in a hotel or lodging house for the first period not exceeding  
15 thirty consecutive calendar days, (B) with respect to the sale of a motor  
16 vehicle to any individual who is a member of the armed forces of the  
17 United States and is on full-time active duty in Connecticut and who is  
18 considered, under 50 App USC 574, a resident of another state, or to  
19 any such individual and the spouse thereof, at a rate of four and

20 one-half per cent of the gross receipts of any retailer from such sales,  
21 provided such retailer requires and maintains a declaration by such  
22 individual, prescribed as to form by the commissioner and bearing  
23 notice to the effect that false statements made in such declaration are  
24 punishable, or other evidence, satisfactory to the commissioner,  
25 concerning the purchaser's state of residence under 50 App USC 574,  
26 (C) (i) with respect to the sales of computer and data processing  
27 services occurring on or after July 1, 1997, and prior to July 1, 1998, at  
28 the rate of five per cent, on or after July 1, 1998, and prior to July 1,  
29 1999, at the rate of four per cent, on or after July 1, 1999, and prior to  
30 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and  
31 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,  
32 at the rate of one per cent, (ii) with respect to sales of Internet access  
33 services, on and after July 1, 2001, such services shall be exempt from  
34 such tax, (D) with respect to the sales of labor that is otherwise taxable  
35 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of  
36 section 12-407 on existing vessels and repair or maintenance services  
37 on vessels occurring on and after July 1, 1999, such services shall be  
38 exempt from such tax, (E) with respect to patient care services for  
39 which payment is received by the hospital on or after July 1, 1999, and  
40 prior to July 1, 2001, at the rate of five and three-fourths per cent and  
41 on and after July 1, 2001, such services shall be exempt from such tax.  
42 The rate of tax imposed by this chapter shall be applicable to all retail  
43 sales upon the effective date of such rate, except that a new rate which  
44 represents an increase in the rate applicable to the sale shall not apply  
45 to any sales transaction wherein a binding sales contract without an  
46 escalator clause has been entered into prior to the effective date of the  
47 new rate and delivery is made within ninety days after the effective  
48 date of the new rate. For the purposes of payment of the tax imposed  
49 under this section, any retailer of services taxable under subparagraph  
50 (I) of subdivision (2) of subsection (a) of section 12-407, who computes  
51 taxable income, for purposes of taxation under the Internal Revenue  
52 Code of 1986, or any subsequent corresponding internal revenue code  
53 of the United States, as from time to time amended, on an accounting  
54 basis which recognizes only cash or other valuable consideration

55 actually received as income and who is liable for such tax only due to  
56 the rendering of such services may make payments related to such tax  
57 for the period during which such income is received, without penalty  
58 or interest, without regard to when such service is rendered.

59       Sec. 2. (NEW) (*Effective October 1, 2010*) (a) As used in this section:  
60 (1) "Municipality" means any town, city, borough, consolidated town  
61 and city or consolidated town and borough; and (2) "population" for  
62 each municipality means that enumerated in the most recent federal  
63 decennial census of population or that enumerated in the most recent  
64 current population report series issued by the United States  
65 Department of Commerce, Bureau of the Census available on January  
66 first of the fiscal year prior to the fiscal year in which payment is to be  
67 made pursuant to subsection (c) of this section, whichever is most  
68 recent.

69       (b) The Commissioner of Revenue Services shall segregate three per  
70 cent of the taxes collected from sales within the meaning of  
71 subparagraph (H) of subdivision (2) of subsection (a) of section 12-407  
72 of the general statutes by any hotel or lodging house. Funds  
73 segregated under this subsection shall be allocated as follows: (1) The  
74 commissioner shall return one-third of such taxes collected to the  
75 municipality in which the hotel or lodging house paying such tax is  
76 located; and (2) the commissioner shall deposit two-thirds of such  
77 taxes collected into the municipal hotel tax account established in  
78 section 3 of this act.

79       (c) On April 1, 2011, and annually thereafter, the Office of Policy  
80 and Management shall distribute one-half of the moneys deposited in  
81 the municipal hotel tax account to each municipality pro rata on the  
82 basis of the ratio of the population of the municipality to the  
83 population of the state.

84       (d) On April 1, 2011, and annually thereafter, the Office of Policy  
85 and Management shall distribute one-half of the moneys deposited in  
86 the municipal hotel tax account pro rata to each regional council of

87 governments organized under the provisions of sections 4-124i to 4-  
 88 124p, inclusive, of the general statutes, on the basis of the ratio of the  
 89 population of the municipalities within such regional council of  
 90 governments to the population of the state. If a municipality is not a  
 91 member of a regional council of governments, then its proportionate  
 92 share shall be distributed to the regional council of elected officials  
 93 organized under the provisions of sections 4-124c to 4-124h, inclusive,  
 94 of the general statutes, of which such municipality is a member, or if it  
 95 is not a member of a regional council of elected officials, then to the  
 96 regional planning agency organized under the provisions of chapter  
 97 127 of the general statutes of which it is a member. Moneys received by  
 98 a regional council of governments, a regional council of elected  
 99 officials or a regional planning agency under this section shall be used  
 100 to promote regionalism initiatives, including, but not limited to,  
 101 regional economic development and educational cooperative  
 102 programs and agreements.

103       Sec. 3. (NEW) (*Effective October 1, 2010*) There is established an  
 104 account to be known as the "municipal hotel tax account" which shall  
 105 be a separate, nonlapsing account within the General Fund. The  
 106 account shall contain any moneys required by section 2 of this act to be  
 107 deposited in the account. Moneys in the account shall be expended by  
 108 the Office of Policy and Management in accordance with section 2 of  
 109 this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010, and applicable to sales occurring on or after said date</i>	12-408(1)
Sec. 2	<i>October 1, 2010</i>	New section
Sec. 3	<i>October 1, 2010</i>	New section

**Statement of Legislative Commissioners:**

Section 1 was redrafted to ensure accuracy of text; in subsections (c) and (d) of section 2, "On or before April 1, 2011" was changed to "On

April 1, 2011" for clarity; and technical changes were made throughout section 2 for internal consistency and consistency with the general statutes.

***PD***        *Joint Favorable Subst.*